

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

Case No.

TELEXFREE, INC.,  
TELEXFREE LLC,  
JAMES M. MERRILL,  
CARLOS N. WANZELER,  
STEVEN M. LABRIOLA,  
JOSEPH H. CRAFT,  
SANDERLEY RODRIGUES DE VASCONCELOS,  
SANTIAGO DE LA ROSA,  
RANDY N. CROSBY and  
FAITH R. SLOAN,

Defendants,

and

TELEXFREE FINANCIAL, INC.,  
TELEXELECTRIC, LLC and  
TELEX MOBILE HOLDINGS, INC.,

Relief Defendants.

**DECLARATON OF MARK ALBERS**

Mark Albers, pursuant to 28 U.S.C. § 1746, hereby declares as follows:

1. I am a Forensic Accountant in the Boston Regional Office of plaintiff with the Securities and Exchange Commission ("the Commission"). My duties include conducting investigations relating to potential violations of the federal securities laws.

2. My relevant professional experience includes just under three years as an Auditor for Deloitte and Touche LLP and thirteen years as a Forensic Accountant for Deloitte Financial

Advisory Services LLP, where I investigated financial statement fraud, asset misappropriation fraud, bribery and corruption and securities litigation cases.

3. I hold a Bachelors of Science in Business Administration with a concentration in Accounting from Michigan State University. I am a Certified Public Accountant in the states of Illinois and Michigan and I am a Certified Fraud Examiner.

4. I make this declaration based upon my personal knowledge as set forth below and in support of the Commission's *ex parte* motion for emergency relief.

5. I was asked to review certain documents, including bank statements, brokerage account statements, federal wire transfer records, and credit card payment processor records concerning TelexFree, Inc. and TelexFree, LLC. **Exhibit 1** is a list of the institutions that provided such documents to the Commission.

6. In my review of those documents, I found evidence that TelexFree, Inc. and TelexFree, LLC made the following transfers:

- a. TelexFree Financial, Inc. received \$4,105,000 on December 30 and December 31, 2013.
- b. In December 2013, approximately \$14.3 million was transferred to newly-created brokerage accounts in the name of TelexFree LLC.
- c. Merrill received \$3,136,200 on December 26 and December 27, 2013.
- d. Wanzeler received \$7,317,800 on December 26 and December 27, 2013.
- e. Two companies controlled by Craft received more than \$2,010,000 between November 19, 2013 and March 14, 2014.
- f. Federal wire transfer records show that Wanzeler wired \$3.5 million to the Oversea-Chinese Banking Corporation in Singapore on January 2, 2014.

7. Credit card transactions from August 2012 to March 2014 indicate that TelexFree received slightly more than \$1.3 million from the sale of approximately 26,300 VoIP contracts. During the same period, TelexFree received more than \$302 million from approximately 48,000 AdCentral promoters and 202,000 AdCentral Family promoters. If all those AdCentral and AdCentral Family promoters placed the required number of internet ads for a full year, and if TelexFree honored its promise to pay them \$20 or \$100 per week, I calculated that the promoters would receive more than \$1.1 billion.

8. On or about April 14, 2014, I spoke with Raymond Lynch, a representative of Wells Fargo Bank, N.A. Mr. Lynch told me that, on April 3, 2013, TelexFree, LLC sent \$10,389,000 to an entity known as TelexFree Dominicana, SRL on April 3, 2013. Mr. Lynch also told me that, on April 11, 2014, James Merrill and the wife of Carlos Wanzeler obtained cashier's checks from Telexfree LLC's bank account in the total amount of \$25,552,402. The checks are payable to TelexFree, LLC, but as of the time of our conversation, the checks had not yet been presented for payment.

Executed this 15th day of April 2014.



/s/ Mark Albers

Mark Albers

Securities and Exchange Commission

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